



Assistant Director of Field Operations Appointed

Mark Harris started at Lacey Headquarters as Assistant Director of Field Operations Division on December 1, 2006. Mark was hired by the Gambling Commission in September 1994 as a Special Agent in the Field Operations Division, Northwest Region. In March 1997, Mark promoted to the position of Special Agent III-Lead in the Bellingham Field Office. In October 1998, he advanced to Special Agent Supervisor. Mark has also served as Acting Program Manager and Agent in Charge within the Field Operations Division.



(Continued on page 15)

2007 Legislative Update

The Commission submitted three proposals to the Governor's Office for agency request legislation. The Governor's office conditionally approved the first proposal, subject to some small language changes.

We are waiting to hear on the other two. The proposals would:

- 1) Change the Commission's Powers and Duties to allow:
 - **The Director to issue temporary licenses to individual licensees** (such as card dealers, gambling managers, and representatives) **and other businesses.** This would allow people who qualify for a license to receive a temporary license after the background process is completed, rather than waiting for approval at a monthly Commission meeting.
 - **The Director to issue orders of summary suspensions to individual licensees** (such as card dealers, gambling managers, and representatives) **and other businesses.** A summary suspension requires licensees to stop working immediately and is reserved for cases that involve cheating, theft, and other serious violations.
 - **Military personnel to renew their licenses** if they have been deployed and their license expired during deployment. Department of Licensing and Fish and Wildlife make similar licensing exceptions for military personnel.
- 2) **Impose penalties against minors who gamble.** There are currently no penalties against minors, only against the business where they gamble and the dealer. The penalty would be a \$125 fine and could include community supervision and court costs.

(Continued on page 15)

Commissioners

John Ellis, Chair
 Judge Janice Niemi (Ret.), Vice Chair
 Alan Parker
 Peggy Ann Bierbaum
 Keven Rojecki

Ex-Officio Members

Senator Margarita Prentice
 Senator Jerome Delvin
 Representative Alex Wood
 Representative position vacant

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Administration

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Executive Assistant Shirley Corbett

Deputy Director Sharon Reese

Field Operations

Assistant Director Mark Harris

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Northwest Region

Agent in Charge Greg Thomas

Southwest Region

Agent in Charge Jeannette Sugai

Human Resources

Administrator Phyllis Halliday

Business Operations Division

Administrator Terry Westhoff

Information Technology Division

Administrator Tom Means

Licensing Services Division

Assistant Director David Trujillo

Communications and Legal Division

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Activity Reports Due January 30, 2007

Activity Reports were mailed to licensed operators late December 2006. For most licensees, Activity Reports must be completed and returned to us twice a year. In the past, activity reports were due four times a year, once each quarter (1st, 2nd, 3rd and 4th quarters).

If you submit activity reports twice a year, you must still record activity **separately for each quarter**. The form you just received has two columns; record 3rd quarter activity in the first column, and 4th quarter activity in the second column. Complete the form and return it to us by **January 30, 2007**. Remember to record each quarter's activity **separately** on the reports.



The only exceptions to reporting activity twice a year are:

- 1) Class D and above bingo licensees, who report quarterly (four times a year); and
- 2) Raffle, amusement game, and Class C and below bingo operators, who report annually (once a year).

If you are one of these licensees, you must fill out your activity reports and mail them to us by the date noted on the activity report we send you.

Penalties for Late Reporting

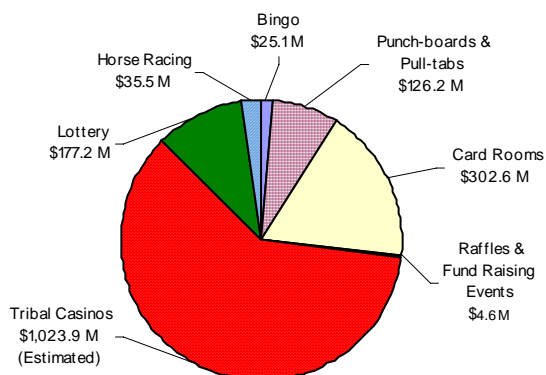
Penalties for submitting late reports are based on your history of turning in activity reports.

If you do not turn in your report on time, one of the following will happen:

- If you are late once, you will receive a warning letter asking you to send in the report immediately.
- If you are late more than once, your Agent will issue a Notice of Violation and Settlement (NOVAS) giving you the opportunity to settle the violation by turning in the activity report **and** paying a \$300 fine.
- If you are late several times, a Statement of Administrative Charges will be issued for the suspension or revocation of your gambling licenses.

If you have questions, contact Financial Reporting at 800.345.2529 extension 3476 or extension 3477, or FinancialReporting@wsgc.wa.gov.

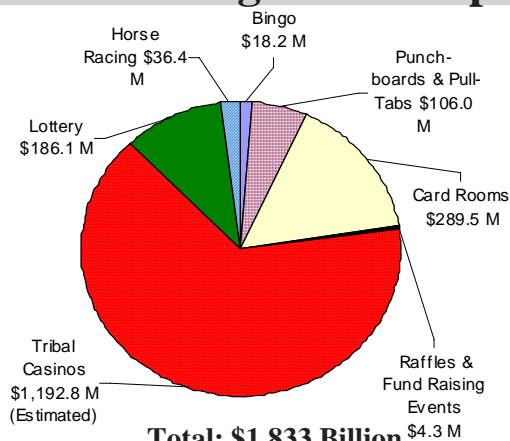
2005 Gambling Net Receipts



Total: \$1.695 Billion

Net Receipts = wagers minus prizes

2006 Gambling Net Receipts



Total: \$1.833 Billion

Net Receipts = wagers minus prizes

Rules Changes under Review

At the January 12, 2007, Commission Meeting

Proposed rule changes are generally discussed at three Commission meetings. At the first meeting rules are “Up for Discussion and Possible Filing.” Normally, they are filed for discussion at the next meeting. At the second meeting the rules are “Up for Discussion;” and the third meeting “Up for Final Action.” When rules are Up for Final Action, the Commission may choose to adopt the rules, hold them over for further discussion, or remove them from discussion. See page 4 for the 2007 Commission meeting schedule.

Up for Final Action

Tip Reporting for Card Room Employees

The proposed rule change would require more detailed procedures for the accountability of tips received by card room employees in house-banked card rooms.

Under the amendments:

- 1) Tip (“toke”) drop boxes must be locked and remain under camera coverage at all times;
- 2) Tips must be redeemed under surveillance;
- 3) Card room employees (CRE) must accurately report all tips to their employer. This puts the burden on the CRE to report accurately; and
- 4) Tips received by the cage cashier must be counted and documented by the shift/floor supervisor or security.

Scheduling Reconsideration Hearings

The proposed rule change authorizes the Commission to automatically schedule petitions for reconsideration of Final Orders issued by the Commission. If the petition for reconsideration is received less than 15 business days before a regularly scheduled Commission meeting, the petition will be heard at the meeting immediately following the regularly scheduled Commission meeting.

License Fee Increase

The proposed rule change would increase all licensing fees approximately 3%. The fee increase would not be effective until June 30, 2007. Fees have not been increased for four years.

Up for Discussion

Petition for Rule Change

The petitioner requests that if a card room’s accounting department does not work on weekends, or federal or state holidays, the accounting department can empty the fill/credit slip dispenser (whiz machine) on the next day that they work, rather than come in on weekends and holidays to empty the whiz machine.

Petition for Rule Change from Seattle Jaycees

The proposed rule change would assist charitable and nonprofit licensees because the potential benefit would be the elimination of tax on punchboard/pull-tab income. The resulting savings (potentially) could be thousands of dollars per licensee.

Petition for Rule Change from the Washington Charitable and Civic Gaming Association

Originally, the petitioner requested a rule change that would have given bingo operators a two year moratorium from cash flow requirements. The Commission did not file the petition.

The petitioner submitted a second petition, which was filed by the Commission. The petitioner requests a rule change that would allow up to a 50% variance on net return requirements for the calendar year 2006. The 25% variance currently in WAC 230-20-059 would remain unchanged.

Up for Filing

I.D. Service Stamp Fee Increase

The proposed change will increase fees for identification and inspection service stamps (I.D. Stamps) licensees must purchase and affix to gambling equipment by approximately 3.38% beginning June 30, 2007.

Two Petitions for Rule Change

- 1) The petitioner requests that manufacturers be required to sell product to all distributors.
- 2) The petitioner requests that poker wagering limits be increased from \$25 to \$40.

Recently Adopted Rules Changes

Remove updated rules on pages 11 –14 and insert into your rules manual.

Gambling Service Suppliers Effective 1-1-07

This rule change clarified which types of financiers need to be licensed and which do not. For example, businesses that analyze gambling equipment, or enter into ongoing financial relationships with manufacturers to provide “gambling related software” need to be licensed. “Gambling related software” affects the results/outcome of games or directly interfaces with, or controls, the operation of the gambling equipment.

Poker at Fund-Raising Events Effective 11-17-06

Charitable and nonprofit organizations may now offer poker games at fund-raising events (Reno Nights).

Rule Change Withdrawn

Petition for Rule Change from Leading Edge Software

Leading Edge Software submitted a petition for rule change requesting that card rooms be allowed to print fill/credit slips one at a time from a computer based program. Currently, house-banked card rooms must process fills and credits using a three part form dispensed from a “whiz machine.” At the October Commission meeting, the petitioner withdrew their request and will be working with staff to identify safeguards in their computer system.

If you would like to comment on a proposed rule change under review, you are encouraged to attend a Commission meeting. If you can't attend a meeting, send your comments to:

WSGC, Attention: Rules Team
P.O. Box 42400
Olympia, WA 98504
Or e-mail: Rulesteam@wsgc.wa.gov.

For detailed information about proposed rule changes under review, visit our website at www.wsgc.wa.gov and select Public Meetings, January 12, 2007, Commission meeting. For an outline of current and past rule changes select Rules and Laws, Rules under Review.

2007 Commission Meeting Schedule

January 11 & 12

DoubleTree Guest Suites - Seattle

16500 Southcenter Parkway
Seattle, WA 98188 - 206.575.8220

February 8 & 9

Red Lion Hotel – Olympia

2300 Evergreen Park Drive
Olympia, WA 98502 - 360.943.4000

March 8 & 9

Red Lion Hotel – Olympia

2300 Evergreen Park Drive
Olympia, WA 98502 - 360.943.4000

April 12 & 13

Red Lion Hotel - Pasco

2525 N. 20th Avenue
Pasco, WA 99301 - 509.547.0701

May 10 & 11

The Heathman Lodge - Vancouver

7801 NE Greenwood Drive
Vancouver, WA 98662 - 360.254.3100

June - No Meeting

July 12 & 13

La Quinta Inn & Suites

1425 East 27th Street
Tacoma, WA 98421 - 253.383.0146

August 9 & 10

Location not yet determined

September 13 & 14

Location not yet determined

October 11 & 12

Location not yet determined

November 15 & 16

DoubleTree Guest Suites - Seattle

16500 Southcenter Parkway
Seattle, WA 98188 - 206.575.8220

December – No Meeting

Regional Field Office Phone Numbers Have Changed

Our three regional field offices recently had their phone system upgraded. You may now reach your agent by dialing them directly. In the last edition of this newsletter, we included the new phone numbers for the Tacoma Field Office. For your convenience, all three regional field office new phone numbers are listed below.

Tacoma Field Office

Main Phone	253.671.6280
FAX (unchanged)	253.471.5317
Jeannette Sugai, Program Manager	253.671.6281
Shellie Neuman, Secretary	253.671.6284
Susan Blanchett, Special Agent Supervisor	253.671.6282
Sonja Dolson, Special Agent Supervisor	253.671.6283
Ray Wakeman, Special Agent Supervisor	253.671.6294
Terry Bach, Special Agent	253.671.6285
Debby Vandall, Special Agent	253.671.6286
Lisa Saila, Special Agent	253.671.6287
Kevin Maxwell, Special Agent	253.671.6288
Keith Wittmers, Special Agent	253.671.6289
Fred Wilson, Special Agent	253.671.6290
Curt Moriyama, Special Agent	253.671.6291
Tony Hughes, Special Agent	253.671.6292
Paul Nicholes, Special Agent	253.671.6293
Jennifer LaMont, Special Agent	253.671.6299

Spokane Field Office

Main Phone	509.325.7900
FAX (unchanged)	509.329.3674
Gary Drumheller, Program Manager	509.325.7904
Patty Jones, Secretary	509.325.7905
Bill McGregor, Special Agent Supervisor	509.325.7906
James Dibble, Special Agent	509.325.7907
Eric Gural, Special Agent	509.325.7908
Michael Schneider, Special Agent	509.325.7909
Ben McDonald, Special Agent	509.325.7910
David Guhlke, Special Agent	509.325.7911

Everett Field Office

Main Phone	425.304.6300
FAX (unchanged)	425.339.1743
Greg Thomas, Program Manager	425.304.6304
Tammy Bodmer, Secretary	425.304.6305
Joanne Newman, Secretary	425.304.6305
Darcey Axon, Special Agent	425.304.6307
Amy Schmitt, Special Agent	425.304.6308
Bill Kesel, Special Agent	425.304.6309
David Meglemre, Special Agent	425.304.6310
Joe Abrew, Special Agent	425.304.6311
Dan Eddy, Special Agent	425.304.6313
Edward Ward, Special Agent	425.304.6314

Western Regional Conference on Youth Gambling Awareness

April 4-6, 2007

University of Washington - Seattle

**For more information on registration
materials, presentations, and sponsorship
opportunities, call the
Washington State Council on Problem Gambling
206.546.6133**

There is a penalty for not turning in your report on time.
The penalty ranges from a warning letter, a Notice of Violation and Settlement, or Administrative Charges for suspension or revocation of your license.

Questions? Contact Financial Reporting Services at 800-345-2529, ext.3476 or ext. 3477.

ACTIVITY REPORT DUE DATES

1st and 2nd quarters	July 30
3rd and 4th quarters	January 30

Late Activity Reporting

A Statement of Administrative Charges was issued to the following licensees.

By: Michelle M. Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Andy's Diner, Seattle	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for the second quarter of 2005 and the first and second quarters of 2006. A Notice of Violation and Settlement (NOVAS) was issued for failing to timely submit its activity reports; however, the licensee failed to pay the NOVAS fine.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days served.
China Sea, Des Moines	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for all quarters of 2004, the first and second quarters of 2005, and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days served.
Corner Bar & Grill, Bow	Failure to submit its Punchboard/Pull-Tab Activity Report for the first and second quarters of 2006. Additionally, this is a violation of a previous Settlement Order.	The licensee failed to respond to charges, and a Default Order was entered revoking its license.
Dew Drop Inn, Shelton	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for the second and fourth quarters of 2004, the second, third, and fourth quarters of 2005, and the second quarter of 2006.	The licensee failed to respond to charges, and a Default Order was entered revoking its license.
Family Inn at Manchester, Manchester	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for the first, second, and third quarters of 2004, the first and second quarters of 2005, and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days vacated by a fine and costs totaling \$1,300.

Late Activity Reporting

A Statement of Administrative Charges was issued to the following licensees.

By: Michelle M. Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
FOE #00031, Bellingham	Failure to timely submit its Punchboard/Pull-Tab Activity Report for the first and second quarter of 2006.	A Settlement in Lieu of Charges was issued, and the licensee agreed to a seven-day suspension.
Golden Pheasant Café & Lounge, Shelton	Failure to timely submit its Punchboard/Pull-Tab Activity Report for the first and second quarters of 2006. Additionally, this is a violation of a previous Settlement Order.	The licensee agreed to a serve 30-day suspension, which included eight days from a previous Settlement Order.
Golden West Restaurant & Lounge, Tacoma	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for the second, third, and fourth quarters of 2005 and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension with eight days deferred for two years and 12 days served.
JR's, Marysville	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for all quarters of 2004, all quarters of 2005, and the first and second quarters of 2006. Additionally, this is a violation of a previous Settlement In Lieu of Charges (SILC).	The licensee agreed to a 22-day suspension, with eight days deferred for two years and a total of 14 days served as downtime. (The suspension included two days from the previous SILC)
King Solomon's Reef, Olympia	Failure to timely submit its Public Card Room and Punchboard/Pull-Tab Activity Report for the third and fourth quarters of 2005. A NOVAS was issued for failing to timely submit its activity reports; however, the licensee failed to pay the NOVAS fine.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days vacated by a fine and costs totaling \$1,300.
LOOM #00494, Ellensburg	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for the first and third quarters of 2004, the second, third, and fourth quarters of 2005, and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days served.
LOOM #01716, West Richland	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for the third quarter of 2004, the second, third, and fourth quarters of 2005, and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days served.

Late Activity Reporting

A Statement of Administrative Charges was issued to the following licensees.

By: Michelle M. Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Mt. Rainier Railroad Dining Co, Elbe	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for the first, second, and third quarters of 2004, the second quarter of 2005, and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days vacated by a fine and costs totaling \$1,300.
Palace of China Restaurant, Seattle	Failure to timely submit its Punchboard/Pull-Tab Activity Report for the first and second quarters of 2006. Previously, the licensee violated two Settlement Orders, and in June 2005, an Administrative Law Judge (ALJ) issued an Order suspending Palace of China's gambling license for 30 days.	The licensee failed to respond to charges and a Default Order was entered revoking its license.
Riverside Pub & Eatery, Sumner	Failure to timely submit its Punchboard/Pull-Tab Activity Report for all quarters of 2004, all quarters of 2005, and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days served.
Senor Frogs, Chelan	Failure to timely submit its Punchboard/Pull-Tab Activity Report for all quarters of 2004, all quarters of 2005, and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days vacated by a fine and costs totaling \$1,300.
Sharkeys Pub, Sumner	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for the third quarter of 2004, the third and fourth quarters of 2005, and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days vacated by a fine and costs totaling \$1,300.
Sprague Tavern, Sprague	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for all quarters of 2004, the second quarter of 2005, and the first and second quarters of 2006.	The licensee agreed to surrender its gambling license because it was no longer operating.
Weise's Place, Spokane	Failure to timely submit its Punchboard/Pull-Tab Activity Reports for all quarters of 2004, all quarters of 2005, and the first and second quarters of 2006.	The licensee agreed to a 20-day suspension, with eight days deferred for two years and 12 days vacated by a fine and costs totaling \$1,300.
Khmer Theravadin Buddhist Association of Tacoma and Pierce County, Applicant,	Not qualified for a license because of the current president's criminal history.	The applicant failed to respond to the charges, and a Default Order was entered denying its application.

Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
11 th Frame Restaurant & Lounge, Kenmore	Allowed a minor to gamble. In July 2005, Commission staff issued a NOVAS to the licensee for the same violation.	The licensee agreed to a five-day suspension, with four days deferred for one year, and one day vacated by a fine and costs totaling \$5,245.
Silver Dollar Casino/Mill Creek, Bothell	Allowed a minor to gamble. In July 2005, Commission staff issued a NOVAS to the licensee for the same violation.	The licensee agreed to a five-day suspension, with four days deferred for one year, and one day vacated by fine and costs totaling \$5,374.
New Grove, Everett	Employed an unqualified individual who performed card room employee and service supplier duties without a license.	The licensee agreed to a 20-day suspension, with 13 days deferred for one year and seven days vacated by a fine and costs totaling \$14,986.
Celebrities Casino, Kennewick	Extension of credit.	The licensee agreed to surrender its licenses, because it was no longer operating.
11 th Frame Restaurant & Lounge, Bremerton	Failure to timely report loan information from sources other than recognized financial institutions.	The licensee agreed to a three-day suspension with one day deferred for one year, and two days vacated by a fine and costs totaling \$10,703.
Ringo's Little Vegas, Spokane Valley	Failure to timely report loan information from sources other than recognized financial institutions.	The licensee agreed to a three-day suspension with one day deferred for a year and two days vacated by a fine and costs totaling \$11,416.
Linh T. Ton, Class III employee (formerly employed by the Red Wind Casino) Olympia	Gave cash and cash tickets for the tribal lottery system machines to patrons without collecting payment.	The certification holder failed to respond to charges, and a Default Order was entered revoking her certification.
Paula M. Elkins, Class III employee, (formerly employed by the Muckleshoot Casino) Enumclaw	Criminal History.	The certification holder failed to respond to charges, and a Default Order was entered revoking her certification.
Laurel A. Forcher, Card Room Employee (CRE), (employed at Buzz Inn Steakhouse) East Wenatchee	Criminal History.	An Administrative Law Judge (ALJ) issued an Order revoking her license. She filed a Petition for Review and the Commissioners suspended her license for 30 days.
Debra K. Brown, CRE, (formerly employed at Chips Casino/Lakewood) Lakewood	Force balanced a cashier cage reconciliation and put the overage in the cashier cage tip pool while working as a cage cashier.	The licensee failed to respond to charges, and a Default Order was entered revoking her license.

Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Jean D. Dobbins, CRE & Class III employee, (formerly employed at Chrome Café and by Tulalip Tribes) Stanwood	Operated an unlicensed card room dealer's school	The licensee agreed to surrender her gambling license and her Class III certification.
Daniel P. Sullivan, CRE & Class III employee, (formerly employed by Angel of the Winds Casino & Royal Casino/Everett) Arlington	Placed toke bets without the authorization of casino customers while working as a craps dealer.	The licensee failed to respond to charges, and a Default Order was entered revoking his CRE license and his Class III certification.
Annette Shrauner, CRE (formerly employed at Crazy Moose Casino and Highway 9 Casino), Everett	Removed \$500 cash from the cashier's cage; however, she was unable to account for approximately \$400.	The licensee agree to surrender her license.
Zarina Nelson, CRE, (formerly employed at Cascade Lanes) Renton	Theft of \$600 in casino gambling chips while working as a Shift Manager.	The licensee agreed to surrender her gambling license.
Truc-Le Pham, CRE, (formerly employed at Great American casino and at Point Defiance Casino) Ruston	Theft of a \$100 casino gambling chip while dealing.	An ALJ issued an Order revoking her gambling license.
Jose L. Rodriguez, Class III employee, (formerly employed by the Muckleshoot Casino) Auburn	Theft of \$100 cash while working in the Video Gaming Department cashier's cage.	The certification holder failed to respond to charges, and a Default Order was entered revoking his certification.
Donald Stevenson, Class III employee, (formerly employed by the Muckleshoot Casino) Auburn	Theft of \$300 cash while working as an assistant security director.	The licensee failed to respond to charges and a Default Order was entered revoking his certification.
Hang T. Pham, CRE (formerly employed at 11 th Frame Restaurant & Casino) Everett	Wrote seven checks to a card room although she knew there was not enough money in her bank account to cover the checks.	An ALJ issued an Order revoking her gambling license.
Tosawi Saddler, CRE, (formerly employed by Parker's Sports Bar & Red Dragon Casino) Everett	Wrote five checks on a closed account at two different card rooms.	An ALJ issued an Order revoking his gambling license.
Adam T. Froese, CRE, (formerly employed at Big Daddy's CBG) Spokane	Gave approximately \$1,023 in pull-tabs to patrons without collecting payment.	The licensee failed to respond to the Summary Suspension and a Default Order was entered revoking his license.

NEW SECTION

WAC 230-02-203 Lending agent, loan servicer, and placement agent defined.

A person or entity, other than a regulated lending institution, that finds, places, administers, facilitates, or services loans to licensees and whose services include, but are not limited to, one or more of the following:

- (1) Charging an ongoing fee for their services;
- (2) Maintaining rights as the lender;
- (3) Determining when the loan is in default; or
- (4) Maintaining access to collateral.

NEW SECTION

WAC 230-02-204 Regulated lending institution defined.

A regulated lending institution is any state or federally regulated organization primarily in the business of lending money. An organization must demonstrate that it is a regulated lending institution by meeting all of the following criteria:

- (1) Is registered and actively regulated by the Securities and Exchange Commission or any United States federal or state governmental banking or financial regulatory agency. Lending institutions must demonstrate to the commission that they are actively regulated by at least:
 - (a) Annually reporting information on their lending activities to the regulatory agency; and
 - (b) Receiving regular audits or inspections by the regulatory agency.
- (2) Is acting as a passive investor in the licensee to which they are lending money. For the purposes of this rule, passive investors are those who do not have actual or potential influence over the operations of the licensed entity. A lending institution will not be considered a passive investor if they:
 - (a) Appoint or have the right to appoint officers, directors, consultants, or other positions with the licensee; or
 - (b) Require the licensed establishment to seek their approval or authorization in making business decisions for the organization; or
 - (c) Have full access to records of the establishment; or
 - (d) Have the ability to convert the debt into shares which would result in the lender becoming a substantial interest holder in the licensee per WAC 230-02-300(4).
- (3) A majority of its outstanding loans receivable are from businesses not engaged in gambling activities.

AMENDATORY SECTION

WAC 230-02-205 Gambling service supplier defined.

A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

(a) Providing consulting or advisory services regarding gambling activities;

(b) Providing gambling related management services;

(c) Providing financing for purchases or leases of gambling equipment or for providing financing for infrastructure or facilities, or equipment that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;

(d) Acting as a lending agent, or loan servicer, or placement agent as defined in WAC 230-02-203;

(e) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;

~~((e))~~ (f) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer or entering into an ongoing financial arrangement for gambling related software with a licensed manufacturer;

~~((f))~~ (g) Providing installation, integration, maintenance, or any other service of digital surveillance systems that allows direct access to the operating system; ~~(or~~

~~(g))~~ (h) Training individuals to conduct authorized gambling activities; or

(i) Performing the testing and certification of tribal lottery systems in meeting requirements specified in the tribal-state compact.

(2) The term "gambling services supplier" does not include the following:

(a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;

(b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;

(c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; ~~((and))~~

(d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services ~~((does))~~ do not exceed twenty-five thousand dollars during any calendar year;

(e) Persons that provide names, images, artwork or associated copyrights, or trademarks, or patent use, or other features that do not affect the results or outcome of the game, for use in gambling equipment; and

(f) Regulated lending institutions as defined in WAC 230-02-204.

Administrative Order #464 Effective Date: 01-01-07

AMENDATORY SECTION

WAC 230-25-040 Fund-raising event -- House rules to be developed and posted -- Limitations on wagers.

(1) Before conducting a fund-raising event (FRE), each licensee shall develop house rules to govern the scope and manner of all gambling activities to be conducted during the FRE. At a minimum, these rules shall:

(a) State the maximum amount of a single wager that may be placed by FRE participants. Wagering limits are as follows:

(i) Single wagers shall not exceed ten dollars;
(ii) Raffles or other similar drawings may exceed the ten dollar wagering limit, but may not exceed the limitations set forth in RCW 9.46.0277;

~~((and))~~

(iii) There are no limits on wagers made using scrip; and

(iv) There are no limits on the number of poker tournament chips that may be wagered.

(b) Prohibit any thing of value from being given to any person involved in the management or operation of the FRE; and

(c) Prohibit any person involved in the management or operation of the FRE from accepting any thing of value.

Posting house rules.

(2) A copy of the rules shall be conspicuously posted in the area where the FRE is being conducted at all times during the FRE. A copy must be available, upon request, to any law enforcement officer or representative of the commission, or member of the general public.

NEW SECTION

WAC 230-25-045 Poker tournaments at fund-raising events and limited fund-raising events.

Poker tournaments are authorized at fund-raising events (FREs) and limited FREs under FRE rules with the following additional requirements.

Net Receipts Limitation

(1) All money paid to enter a tournament or purchase chips or script to enter a tournament is considered to be a wager for the purpose of determining the \$10,000 net receipts limits.

Prizes.

(2) Chips used in card tournaments do not have a monetary value and may only be redeemed for prizes.

Posting of rules.

(3) The licensee must adopt poker tournament rules and conspicuously post the rules at the tournament location.

Prize records.

(4) The licensee must maintain a record of all prizes awarded to include the amount the licensed operator actually paid for each prize and the name and complete address of each winning participant. If prizes are donated, the licensee must maintain a record that includes the name of the donor and a description of the prizes donated.

AMENDATORY SECTION

WAC 230-25-050 Wagering among participants not permitted.

No Licensees ~~((to conduct))~~ conducting a fund-raising event shall not permit, as a part of that fund-raising event, a gambling activity which involves a wagering of money or other items of value by one participant against another participant. This rule shall not be construed to does not prohibit gambling activities wholly administered by the licensee wherein the licensee collects wagers from among the participants and determines the winners and amounts of prizes on a pari-mutuel basis or poker tournaments as authorized under WAC 230-25-045.

AMENDATORY SECTION

WAC 230-25-325 Limited fund-raising event -- Procedures and restrictions.

Pursuant to RCW 9.46.0233(2), nonprofit or charitable organizations may offer *limited* fund-raising events (FREs). Organizations offering *limited* FREs must operate the FRE under the following operational procedures:

Operating procedures.

- (1) Only members of the organization and their guests shall participate in the event. The event shall not be open to the general public.
- (2) Participants shall purchase scrip with cash.
- (3) Scrip shall be exchanged at gambling stations for chips.
- (4) Only bona fide members will be utilized for all transactions involving acceptance of cash for scrip, conducting the schemes to determine the winners of merchandise prizes, and maintaining records during the event.
- (5) The value of all purchased prizes must not exceed ten percent of the gross revenue from the event, less the cost of the FRE equipment rental contract.
- (6) Any prizes purchased from the FRE equipment distributor must be disclosed. The cost may not exceed the fair market value. Prizes may be disclosed to the public at the retail value.
- (7) Poker tournaments may be operated at limited fund-raising events. Tournament rules must be established and posted.

FRE equipment distributors.

Limitations.

~~((7))~~ (8) The nonprofit organization may only contract with a person or organization licensed as a FRE equipment distributor to provide the equipment and staff to operate the gaming stations.

~~((8))~~ (9) Under no circumstances shall employees of the FRE equipment distributor handle cash transactions or allow participants to purchase chips with cash.

Compensation.

~~((9))~~ (10) The fee paid to the FRE equipment distributor shall be in compliance with WAC 230-25-120. The FRE equipment distributor shall not share in any way in the proceeds of the event except as set forth in the rule.

Information to be submitted with FRE application.

~~((10))~~ (11) The application must include details relating to the initial cost to participate, and method for purchasing additional scrip, as well as identify all costs included in the initial price to enter that are not related to the gambling activity (i.e., meals, drinks, etc.). The application must also identify the scheme that will be followed to distribute the merchandise prizes to participants at the end of the event (i.e., raffle, auction, etc.).

~~((11))~~ (12) All contracts signed by the FRE licensee with the FRE equipment distributor and premises provider must be submitted with the FRE license application.

Fees.

~~((12))~~ (13) The licensing fee for a *limited* FRE shall be as set forth in WAC 230-04-202(4).

Tribal Contributions to Local Communities

Shanna Lingel, Special Agent, Tribal Gaming Unit

Most Tribal-State Gaming Compacts include two types of contributions Washington Tribes make to government agencies and charitable/non-profit organizations. These contributions are the 2% Community Impact distribution, and the Tribal Lottery System (machine gaming) Charitable distribution.

The 2% Community Impact disbursements are used to reimburse local governmental agencies that are impacted by the operation of the tribal casino in their area. A majority of Tribal-State Gaming Compacts have Tribes distributing up to 2% of net win (the amount wagered minus prizes paid) of table game revenues. Satellite wagering, sports pools, Class II gaming, charity table proceeds, and non-gaming revenues such as food, beverage or gift shop proceeds are not included in this calculation. The 2% Community Impact disbursements are made by Tribes annually; however, some Tribes make disbursements quarterly. In 2004, 15 Tribes operating casinos distributed over \$4.8 million dollars to 58 governmental agencies.

The Tribal Lottery System Charitable disbursements are the second type of contributions made by Tribes. Tribes distribute 0.5% of the Tribal Lottery System net win (amount wagered minus prizes paid) to bonafide charitable or non-profit organizations in Washington State. In 2004, 14 Tribes operating casinos distributed over \$5.4 million dollars to 777 bonafide charitable or non-profit organizations.

Each year, staff from the Gambling Commission's Tribal Gaming Unit verify accruals and disbursements for both the 2% Community Impact, and Tribal Lottery System Charitable contributions.



Visit our website
at
www.wsgc.wa.gov

Assistant Director Appointed cont.

(Continued from page 1)

Mark graduated Summa Cum Laude from Eastern Washington University with a Bachelor degree in Accounting. In June 1995, he graduated from the Basic Law Enforcement Academy first in his class.

Mark became a licensed CPA in 1996 and a Certified Fraud Examiner in 1999. In December 2002 he achieved Supervisory Certification from the Criminal Justice Training Commission. Mark earned certification as a Forensic CPA in September 2005, and completed Dimension II of the WSGC Leadership Academy in October 2005.

Mark looks forward to continuing to work with agency staff, licensees, and the public in his new capacity to help meet the agency's goals and supporting its mission, vision, and values. Mark is originally from Eastern Washington and was raised in Moses Lake.

2007 Legislative update cont.

(Continued from page 1)

3) **Allow the Commission to create a barring list** to keep known criminals from entering gambling facilities and require operators to bar them. The list is intended for individuals convicted of gambling crimes, such as bookmaking or cheating, or crimes committed in connection with a gambling activity, such as a gambling-related theft.

If the Governor's Office approves these proposals, we will pursue these changes during the Legislative Session, which starts January 8, 2007.

If you have questions about gambling related legislation after session starts, check the legislative website at www1.leg.wa.gov/legislature/ or you may contact Amy B. Hunter, the Gambling Commission's Legislative Liaison, at (360) 486-3464 or e-mail AmyB@wsgc.wa.gov.



Our Mission: Protect the Public By Ensuring that Gambling is Legal and Honest.

For Operational or Regulatory Questions, please call our field office closest to you.

Bellingham	360.676.2012	Spokane	509.325.7900
Everett	425.304.6300	Tacoma	253.671.6280
Kennewick	509.734.7412	Wenatchee	509.886.6230
Renton	425.277.7014	Yakima	509.575.2820

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800.345.2529 360.486.3440 TDD: 360.486.3637

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Washington State Gambling Commission

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